



Addressing Disasters & Emergencies Giant, Large, Medium, Small, Individual

Plan sponsors must have the skills of an acrobat – balancing business needs, employee concerns, legal and compliance requirements – and sometimes they must do this against a backdrop of emergencies and natural disasters.

In the last week, the Internal Revenue Service (IRS), the Department of Labor (DOL) and the Pension Benefit Guarantee Corporation (PBGC) have each issued temporary relief on deadlines and procedural requirements applicable to tax qualified employee benefit plans for plan sponsors impacted by Hurricane Harvey. So there are immediate actions plan sponsors may want to consider.

While many plan sponsors will focus on the immediate impact of Hurricane Harvey, plan sponsors might also take this time to plan for the future or to refine existing policies designed to assist employees year-round.

Don't look at Harvey as a one-time event – never to be repeated. On Tuesday, September 5, 2017, the National Weather Service (NWS) reported that Irma became a Category 5 hurricane with sustained winds of 185 miles per hour. Today, September 7, 2017, it is projected to impact Florida. While the federal agencies haven't issued relief guidance regarding Irma, such guidance may be coming any day now.

Just as important, don't limit your consideration to responding to dramatic natural disasters like Harvey. Instead, consider changes that will position your plans and human resources policies to meet workers' everyday needs. Policies that facilitate accommodating and overcoming the everyday challenges workers face will add to positive engagement, and potentially, favorably impact retention.

At the same time, consider the precedent-setting nature of any extraordinary actions you take today to respond to Harvey - will you be in position to take similar action in the future? Given that Congressional and agency responses may vary from event to event, you may want to caveat any actions to clearly designate any changes to your human resources, rewards and benefits policies and plans that are "Harvey-only." This approach will also confirm any other changes that you have added to address disasters and emergencies – giant, large, medium, small, and individual - as new arrows in your financial, human resources, rewards and benefits quiver.

So, after Harvey, and before any other disaster or emergency, it may be time for plan sponsors to work with their rewards and human resources counterparts to construct or update their emergency benefits policies.

Much like the diversity of employer responses to the challenge of Financial Wellness, there is a variety of responses available to address the financial and other challenges triggered by natural or certain man-made disasters, including but not limited to:

- Today – Hurricane Relief for Harvey
 - Qualified Plan Relief
 - Tax Free Disaster Relief Payments
 - Interest-Free Compensation Loans

Always consult with tax and legal counsel before taking action.

- Potpourri of Employer Options / Responses / Alternatives / Guidance
 - Wages
 - Leave Sharing and Donations
 - Human Resources Policies / Welfare Benefit Plans
 - Employer Sponsored Charities
 - Preparing for What Comes Next / Adding Resiliency – Suggestions From Experts
- Tomorrow?
 - Long Term Health Consequences
 - Next Up – Irma or ...?

In the following sections, we'll address these topics. Some are directly related to plan sponsor responsibilities and others are indirectly related.

Today – Hurricane Relief for Harvey

Qualified Plan Relief

Similar to actions taken in the past regarding natural disasters, on Wednesday, August 30, 2017, we received guidance from both the IRS and the DOL. However, Congress has not yet taken action which may expand the available relief.

Details of the relief follow:

- IRS relief includes:
 - Easier access to IRC §§401(k), 403(b), 457(b) assets see: [Announcement 2017-11](#): Announcement 2017-11 permits certain hardship or emergency withdrawals and loans from tax-favored retirement plans:
 - Plan Loans:
 - Your plan document is an “enabling” contract. It must allow for loans before they can be made. IRS relief for those affected by Hurricane Harvey allows a plan to grant loans during the period August 23, 2017 through January 31, 2018 so long as the appropriate provisions are added to your plan document by the last day of the 1st plan year beginning after December 31, 2017. For a plan with a calendar year, that would be December 31, 2018.
 - Some plan documents have plan-specific loan processes – such as providing documentation of a hardship. The plan administrator can grant the loan before the plan-specific, normal documentation and procedural requirements are satisfied. However, the plan administrator must make a good faith effort to comply with the plan’s requirements and collect supporting documentation from the participant as soon as practical.
 - A loan that is timely and successfully repaid generally does not trigger any taxes.
 - As of September 7, 2017, all other loan provisions and limits continue to apply – see IRC §72(p), 26 CFR 1.72(p)-1 (including the maximum loan amounts, 100% of vested account balance up to \$10,000, or 50% of vested account balance up to \$50,000 – subject to other limits; the ability to take more than one loan, the quarterly and maximum loan term repayment requirements, etc.) Note that every service provider may not have the capability to administer loans so as to enable borrowing up to the maximum amount permitted by code provision, they may not be able to accommodate the 100%/\$10,000 provision, and they may have systems limits on the number of loans, etc.

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- Section 411(d)(6) protected benefits do not include loans. See: 26 CFR 1.411(d)-4 Q&A #1 (d)(4). Regulations list certain benefits that are not subject to the “anti-cutback” limits, including: “...(4) The availability of loans (other than the distribution of an employee's accrued benefit upon default under a loan)...” As a result, a plan sponsor can prospectively and repeatedly add, remove or modify loan provisions.
- Hardship Withdrawals:
 - Similar to plan loans, your plan document must also authorize hardship withdrawals before they can be made. IRS relief for those affected by Hurricane Harvey allows a plan to hardship withdrawals during the period August 23, 2017 through January 31, 2018 so long as the appropriate provisions are added to your plan document by the last day of the 1st plan year beginning after December 31, 2017. For a plan with a calendar year, that would be December 31, 2018.
 - Comparably, the same documentation relief provided for loans for those affected by Hurricane Harvey also applies to hardship withdrawals. While the documentation need not be submitted in advance, the plan administrator must make a good faith effort to comply with the plan’s requirements and collect supporting documentation from the participant as soon as practical.
 - As is the situation today, a hardship withdrawal is only permitted where there is an immediate and heavy financial need that cannot be satisfied with funds from other sources. IRS relief did not change those requirements. Typically, loans and other available plan distributions are required to be taken before a hardship distribution. Under the guidance to date, it is unclear whether a plan sponsor or plan administrator must consider whether a participant can take a plan loan (or other, non-hardship distributions) before a hardship distribution can be made.¹
 - Withdrawals are still taxable (except to the extent they consist of after-tax contributions) and potentially subject to the 10% penalty/excise tax.²
 - The (at least) six month suspension on contributions can continue to be applied but it is not required for Harvey-related hardship withdrawals – See 26 CFR §1.401(k)-1(d)(3)(iv)(E)(2).
 - As of September 7, 2017, all other provisions affecting hardship withdrawals continue to apply – see IRC §401(k)(2)(B)(i)(IV), 26 CFR §1.401(k), etc. and comparable provisions for IRC §§ 403(b), 457(b) plans.
 - Defined benefit and money purchase plans may only permit such in-service hardship distributions if the amounts are withdrawn from a separate account in the plan, if any, containing employee contributions or from rollover contributions that are separately accounted for under Rev. Rul. 2004-12.
 - Section 411(d)(6) protected benefits do not include hardship withdrawals. See: 26 CFR 1.411(d)-4 Q&A #2 (b)(x) where the regulation lists a number of benefits that are not Section 411(d)(6) protected benefits, including but not limited to: “... (x) Amendment of hardship distribution standards. ...A qualified cash or deferred arrangement may also be amended to eliminate hardship distributions.” As a result, a plan sponsor can prospectively and repeatedly add, remove or modify hardship

¹ In similar situations in the past, the IRS has sometimes issued informal guidance that a participant must generally take available plan loans before becoming eligible for a hardship distribution unless such loans would be impractical. Alternatively, IRS has suggested, in some cases, that hardship withdrawals could be provided without requiring such loans.

² Congress is likely to consider tax relief for hardship withdrawals comparable to the relief provided following Hurricanes Katrina, Rita and Wilma – which included a waiver of the early distribution excise tax under IRC Section 72(t), ratable inclusion of the distribution in income over a 3-year period, expanded rollover periods for qualified hurricane distributions and increased loan limits under IRC Section 72(p). See IRC §1400Q - Special rules for use of retirement funds.

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withdrawal provisions.

- Tax filing extensions including an extension until January 31, 2018 to file Forms 5500 that were due between August 23, 2017 and January 31, 2018 – see [IRS news release](#) . Filing extensions may apply to other benefits requirements (payment of 10% early withdrawal tax, etc.). Check with legal and tax counsel.
- DOL [news release](#) gave relief to various timing rules:
 - Under 29 CFR § 2510.3-102, contributions and loan repayments must be forwarded to the plan on the earliest date on which such amounts can reasonably be segregated from the employer's general assets; the DOL announced that it will not enforce these provisions where there is a temporary delay attributable to Hurricane Harvey,
 - Under 29 CFR § 2520.101-3, blackout notices must be issued at least 30 days in advance of any temporary suspension, limit or restriction of more than three consecutive business days); the DOL notes that it will not allege a violation of the notice requirements where a natural disaster, such as Hurricane Harvey, qualifies for the exception to the regulations requirements as beyond the control of the plan administrator.
 - Various other compliance requirements are time sensitive (COBRA notices, filing benefit claims, etc.); the DOL confirmed that a plan should act reasonably, prudently and in the interests of workers and their families by making reasonable accommodations to prevent the loss of benefits.
 - According to the IRS Announcement, the DOL will not treat any person as having violated the provisions of Title I of ERISA solely because the individual complied with the IRS guidance.

Relief is limited to [locations](#) identified by the federal government. Similarly, relief is limited to employees or former employees (or a lineal ascendant or descendant, dependent or spouse) whose principal residence or place of employment on August 23, 2017 is in one of the identified locations. So, if the plan allows it, a participant who lives in another part of the country can assist a son, daughter, parent, grandparent or other dependent who lived or worked in the affected areas by taking out a plan loan or hardship withdrawal under the guidance.

Stay alert, more relief from the IRS, the DOL, the PBGC or Congress may become available.

Additional information and guidance will be available from the DOL in the near future at <https://www.dol.gov/agencies/ebsa/employers-and-advisers/plan-administration-and-compliance/disaster-relief>.

On August 29, 2017, the PBGC waived certain penalties and extended certain deadlines with respect to defined benefit pension plans in identified locations affected by Hurricane Harvey. See:

https://www.pbgc.gov/prac/other-guidance/dr/dr17-09?source=govdelivery&utm_medium=email&utm_source=govdelivery. The PBGC confirmed that if the IRS adds additional disaster areas in connection with its own filing extensions, the added areas will also be granted the same PBGC relief. Note that, similar to the IRS and the DOL, the disaster relief does not cover every situation nor apply to all filings.

Note to Plan Sponsors: As most plan sponsors' already know, studies suggest over half of all Americans live payday to payday.³ Most are financially fragile and not prepared for even a modest expense.⁴ And, of course,

³ American Payroll Association, Getting Paid in America, September 2016, Q&A #6: 63% of survey respondents indicated it would be somewhat or very difficult to meet current financial obligations ***if the next paycheck was delayed for a week***. Accessed 20170905 at: <http://www.nationalpayrollweek.com/documents/NPW2016SurveyResults.pdf> ;

⁴ See also: Federal Reserve Bank Study, as reported by Joseph Lawler, Washington Examiner, May 19, 2017, "44 percent of Americans couldn't cover an unexpected \$400 expense", Accessed 20170905 at: <http://www.washingtonexaminer.com/44-percent-of-americans-couldnt-cover-an-unexpected-400-expense/article/2623617>

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most Americans don't have savings outside of their retirement accounts. So, accessing these funds is typically not only the "last resort," but the "only resort."

When plan sponsors enable access via a loan or hardship distribution, a practical consideration might be to also provide access to financial guidance services as well. As someone said, "all the usual cautions apply, but, these are extraordinary times."

Tax Free Disaster Relief Payments

Back in 2002, the 107th Congress passed legislation that became Public Law 107-134, titled "Victims of Terrorism Tax Relief Act of 2001". Subtitle B, Section 111 of that bill added Internal Revenue Code Section 139 which provides for the exclusion from income taxes certain "disaster relief payments".

IRC §139(a) confirms that "Gross income shall not include any amount received by an individual as a qualified disaster relief payment." Similarly, IRC §139(d) confirms employment tax treatment - that such payments "shall not be treated as net earnings from self-employment, wages, or compensation subject to tax."

Importantly, while tax free to the individual, the payments made by an employer are deductible. So, disaster relief payments confer substantial tax benefits on both the employee and the employer.

The code defines "qualified disaster relief payment" as any amount paid to or for the benefit of an individual to reimburse or pay reasonable and necessary expenses incurred as a result of or attributable to a qualified disaster. The payments can be in kind or in cash. There is no dollar limit. Reasonable and necessary expenses include:

- Personal, family, living, or funeral expenses incurred as a result of a qualified disaster,
- Repair or rehabilitation of a personal residence or repair or replacement of its contents, or
- Transportation expense incurred because of the death or personal injuries that arose from the disaster, but only to the extent any expense compensated by such payment is not otherwise compensated for by insurance or otherwise. Excluded are income replacement payments (payment of lost wages, lost business income or unemployment benefits).

A qualified disaster includes a federally declared disaster subsequently determined by the President of the United States to warrant assistance by the Federal Government – See IRC §1033(h)(3).

So far, the Harvey locations include:

- Texas Counties: Aransas, Bee, Brazoria, Calhoun, Chambers, Colorado, Fayette, Fort Bend, Galveston, Goliad, Hardin, Harris, Jackson, Jasper, Jefferson, Kleberg, Liberty, Matagorda, Montgomery, Newton, Nueces, Orange, Refugio, Sabine, San Jacinto, San Patricio, Victoria, Waller and Wharton
- Louisiana Parishes: Beauregard, Calcasieu, Cameron, Jefferson Davis and Vermillion

So, given the tax preference involved, an employer should generally adopt an administrative system to validate, document, record and retain qualifying information - perhaps to include an affirmative statement from the employee that the expenses qualify and that they were not reimbursable by insurance.

Interest Free Compensation Loans

Below market interest rate compensation loans have been available for many years. Some employers make such loans available to employees experiencing an emergency.

IRC §7872(c)(1)(B) gives employers the option of loaning money to employees in the form of an interest-free compensation loan. So, if you do not have the financial wherewithal to make disaster relief payments or you cannot continue wages indefinitely, you might consider offering compensation loans. IRC §7872(c)(3)(A) and

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(B) limit the available loan to \$10,000 or less, and make such loans available unless they have a principal purpose of tax avoidance, respectively.

My personal experience with such loans included making them available as a transition when converting workers from traditional HMOs and PPOs to Health Savings Account-capable health plans.

Potpourri of Employer Options / Responses / Alternatives / Guidance

A Plan Sponsor may want to review the variety of options available – anticipating a different response may be best given the diversity of emergencies, employers, plan provisions, and workforce.

Wages

Strict adherence to leave policies is generally the prudent approach. However, temporary expansion or relaxation of requirements may be something to consider when a natural disaster strikes. Issues to consider under federal law (state and local laws may vary):

- Hourly worker compensation is not required when hourly workers are not working, but consider “on-call” time and remote work. The FLSA considers employees to be “on call” if they must remain on the employer’s premises and are unable to use their time for their own purposes.⁵
- Salaried worker compensation is required when not working, however, depending on federal, state and local laws, or the employer’s policy, employers may require individuals to use vacation or sick time. Where operations are shut for a full workweek, compensation need not be paid. However, where operations are closed by the employer due to weather, salaried employees are entitled to their full salary where they have no available accrued vacation or sick time.⁶
- Application of existing employer leave policies to emergency/disaster situations.

Leave – Sharing and Donations

Some employers have previously implemented an emergency paid time off (PTO) sharing program – see IRC Notice 2006-59, at: <https://www.irs.gov/pub/irs-drop/n-06-59.pdf>. Under an emergency PTO sharing plan, employees can donate some of their PTO to a PTO bank that is administered by the employer. Employees who have been adversely affected by the disaster could apply for additional PTO, and the employer would then grant additional PTO to the affected employees based on need. The program must also meet other requirements, including but not limited to:

- PTO may not be donated by an employee for a specific coworker
- Individuals cannot be paid cash in lieu of paid time off,
- The program must limit the time period for donating and taking PTO (say, to January 31, 2018), and
- Unused, donated PTO must be returned to donors at the end of the period.

Of course, don’t forget the potential for other leave requests, including but not limited to:

- Military call-ups for national guard, as well as calling other first responders to action,
- Family and Medical Leave Act (“FMLA”) requests for:

⁵ 29 C.F.R. §785.17.

⁶ Opinion Letters FLSA2005-46 (Oct. 28, 2005) and FLSA 2005-41 (stating that exempt employees must be paid when “the employer closes operations due to a weather-related emergency or other disaster for less than a full workweek”. See also 29 CFR §541.602(a) confirming that deductions may not be made when work is unavailable at the employer’s instruction.

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- The employee's own serious health condition, including any physical or mental impairment caused by the natural disaster, or any "flare-ups" of a pre-existing condition that were caused by the natural disaster, or
- A serious health condition of a child, spouse, or parent which has been caused by or complicated by a natural disaster, or even
- USERRA/FMLA leave when a spouse is called to duty.
- Leave as a reasonable accommodation under the Americans With Disabilities Act.

Separately, the IRS issued Notice 2017-48, <https://www.irs.gov/pub/irs-drop/n-17-48.pdf>, regarding leave based donation programs where employees forego paid leave in exchange for an employer donation to a qualifying Charitable Organizations described in IRC §170(c). The IRS has confirmed that it will not treat as income for employment tax purposes (Social Security, Medicare, etc.) or for income tax purposes, cash payments an employer makes to a qualifying charitable organization prior to January 1, 2019 based on employee elections to forego paid vacation, sick or personal leave to provide charitable relief for victims of Hurricane Harvey and Tropical Storm Harvey.

Human Resources Policies / Welfare Benefit Plans:

Depending on your circumstance, you may want to review other human resources policies and welfare benefit plans with regard to meeting employee needs.

Telecommuting, Remote Work, Flexibility: Whether a short term or long term arrangement, employers should consider how to address situations where employees work from home due to an emergency such as Harvey – including clearly communicating and enforcing time and attendance policies regarding compensable time and how time should be recorded.

Federal or State Emergency Evacuation: Federal and state laws may provide protections of wages and limitations on discipline where a federal or state order of evacuation is complied with.

Unemployment Benefits: Employees unable to work due to Hurricane Harvey may be eligible for unemployment compensation depending on state requirements. Because a federal disaster was declared, unemployment benefits may be available for those who do not qualify for state benefits.

WARN Notice: If the employer decides to close a facility or implement a mass layoff, consideration should be given to the requirements under the federal Worker Adjustment and Retraining Notification Act. Some states have comparable requirements.

OHSA: Employers have an obligation to protect employees from unreasonable danger in the workplace. Hurricanes present unique safety concerns. Those who reasonably believe they are in imminent danger may file a complaint. See: <http://www.osha.gov/dts/weather/hurricane/index.html>

Employee Assistance Plan: Employers might encourage workers and eligible family members to reach out and connect with a counselor. Generally speaking, EAP vendors offer specially-trained, mental health specialists to help associates manage personal and family stresses and anxieties.

Telehealth: Employers might consider adding medical services that would be delivered on line or via a toll-free phone number where permitted under state law – such an approach is of particular value where individuals are limited in their ability to travel (and where physicians may not be able to reach their offices/clinics). Typically, telehealth vendors are able to treat, remotely, infections, skin and eye issues, sprains and bruises, back pain, vomiting and diarrhea, colds, coughs and congestion, and 90% of the most common medical issues seen in the ER and urgent care – as well as stress, anxiety, grief and depression.

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Health Plans: Various health plans have specific networks of providers – with variations in in-network versus out-of-network cost sharing. Employers could consider applying in-network cost sharing where individuals are limited in their ability to travel. Employers might also consider waiving copayments and cost sharing or, where a Health Savings Account-capable health plan is offered, consider additional employer financial support to the Health Savings Account.

Rx: Note that pharmacy benefit managers should have in place and should have deployed disaster procedures to ensure that members located in an affected area continue receiving their medications, including but not limited to:

- Empowering customer service advocates to issue overrides for all members in impacted areas to obtain refills before the refill-eligible date.
- Equipping advocates to help members identify the closest open retail pharmacies; advocates will call local pharmacies to confirm operating hours and conditions. In addition, when necessary, advocates can help home delivery pharmacy members in urgent need to obtain an override and receive their prescription at a local pharmacy.
- Sending emails and making calls to members in affected areas who have prescriptions due to refill in the next 7 days.
- Create priority outreach for specialty medication orders set for affected ZIP codes.

And, where your health plan limits refills, you may want to change the parameters regarding the timing for refills for individuals who have been displaced by the disaster/emergency.

Health Savings Accounts: We have not seen guidance in the past which would waive the 20% penalty tax that applies to withdrawals from Health Savings Accounts for purposes other than qualifying medical expenses.

Health Advocacy: You may want to consider adoption of plan provisions, or reconfirm existing vendors regarding advocacy services – to facilitate navigation of the health care system, insurance policy provisions, transferring medical records, etc. where this may be a challenge for displaced workers.

A consistent application and messaging is critical. Ensure you have an emergency contact process – then use it to anticipate and respond to employee concerns. Remember to also review (and perhaps centralize your response/call center to ensure consistency) regarding access of your employee assistance program, workers compensation claims/inquiries, continuation of benefits for absence periods, etc.

Employer-Sponsored Charities:

An employer can provide disaster assistance (where qualifying payments can be excluded from income and employment taxes) through an employer-sponsored charitable organization including:

- An employer-sponsored public charity – if financial support is received from diverse sources (such as employees, coworkers, customers, etc.). The program must generally be available to employees affected by disasters or emergency hardships, recipients must be selected based upon an objective determination of need by an independent selection committee that does not include senior company officials.
- An employer-sponsored donor-advised fund – typically doesn't qualify, however, there is an exception which permits payments to victims of qualified disasters. Again, the need must be demonstrated and documented and the selection committee cannot include senior company officials.
- An employer-sponsored private foundation – similar to an employer-sponsored donor-advised fund, it typically doesn't qualify, however, there is an exception for assistance to employees affected by a qualified disaster. Compliance with all of the requirements allows foundation payments to company employees affected by a qualified disaster - payments will not be deemed to be self-dealing.

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Preparing for Irma, or Whatever Comes Next / Adding Resiliency – Suggestions From Experts:⁷

After a natural disaster, employer should:

- Take direct and positive action.
- Take care of employees first, businesses second – facilitating return to work so the business can operate, preserve or even increase the company’s reputation and generate good will that will benefit the corporate bottom line over time.
- Don’t get caught up in hindsight bias – how the enterprise should have responded if we had perfect knowledge of what would happen/how things turned out.
- Adopt a policy of early intervention in disaster situations affected by behavioral issues – stress, abject fear, anger, ennui, depression or grief.
- Provide added training for supervisors/managers on how to identify associates who need a referral to the EAP.
- Increase manager face time - group and one-on-one sessions reduce stress and tension at the work site.
- Increase travel where managers are remote when possible to create face time. If not possible, ask others to gather the team for a group session and participate remotely. Especially after a disaster, employees understood the value of these programs and attend in high numbers.
- Balance the needs of employees with getting them back to work – return to work considerations: where employees should report to work, do they have the tools, information and other resources they need to do their job, and what tasks they need to focus on.
- Define roles and responsibilities for dealing with these issues with these groups and discuss how you will partner during an emergency:
 - Human resources staff
 - Line managers and supervisors
 - Workers’ compensation/risk management staff
 - Communications staff
- Ensure your business continuity plans account for human resource considerations. Leaders frequently become consumed with the logistics of business interruption. Don’t avoid the human element. Most business continuity plans concentrate on backup computer systems, backup mechanical systems, off-site locations for resuming work and perhaps an emergency operations center large enough for the most critical executives for command-and-control efforts.
- Recognize that the negative effects may continue for an extended period of time. As a rule of thumb, acts of nature that cut a wide or deep swath can have more devastating effects on more humans for longer times than a company-specific problem, such as a plant explosion or a building fire.
- Develop contingent pay policies based on what you are financially capable of providing.
- Remember that employees’ first responsibility is to themselves and their families. They’re concerned about their self-preservation; they’re thinking about their safety, not their work. As such, turnover may become an issue.
- Turn on managerial radar – identify, address performance issues:
 - Look for signs of performance problems – absenteeism, tardiness, leaving work early, “on the job” absenteeism (continually absent from the workstation more than the job requires, e.g., coffee breaks, trips to bathroom, etc.), difficulty concentrating, confusion, significant/dramatic variations in productivity, inflexibility, overreactions.
 - Intervene quickly if performance begins to decline, referring employees to support professionals such HR staff, the EAP or other behavioral health professionals available to you.

⁷ Kathryn D. McKee, Liz Guthridge, *Leading People Through Disasters: An Action Guide Preparing for and Dealing With the Human Side of Crises*

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- Document, document, document.

Tomorrow - ?

Who has time to think about tomorrow? Two considerations:

- There will be long term health consequences from hurricanes like Harvey, and
- Irma is expected to make landfall in southern Florida and the Florida keys on Sunday morning, September 10, 2017.

Long Term Health Consequences

Floods can have lasting affect – particularly upon those who are injured or become ill due to the disaster. Significant increases in morbidity and mortality also apply to people with chronic conditions. For example, a 2012 systematic review showed that, after Hurricane Katrina, the mortality rate in the New Orleans area was 47 percent above normal for the first half of 2006, up to 10 months after the storm.⁸ Similarly, studies also document surges in mental health diagnoses. In conclusion, anticipate a longer term need to monitor workers and their families in the affected locations.

Next Up – Irma or ...?

In case you did not know, on Tuesday, September 5, 2017, the National Weather Service (NWS) reported Irma had become a Category 5 hurricane with sustained winds of 185 miles per hour. That means Irma now ranks among the most powerful hurricanes (as measured by wind speed) ever recorded. According to the NWS, Irma is the strongest storm ever in the Atlantic (not counting those that reached the Caribbean and Gulf of Mexico). And it's not far off from the all-time record hurricane wind speed of 190 mph.

Today, it is Harvey. Tomorrow, looks like it may be Irma. Next is Jose. Yes, there is another named storm out in the Atlantic. As of September 7, 2017, Jose had reached hurricane status – sustained winds of at least 74 miles per hour. Unlike Irma, as of September 7, 2017, Jose appears to be on track to miss Florida and head out into the Atlantic.

However, hurricane season doesn't end officially until November 1st. Next, through the end of the 2017 hurricane season, it will be Katia, Lee, Maria, Nate, Ophelia, Philippe, Rina, Sean, Tammy, Vince and Whitney. Or, maybe no other named storm will make landfall in the United States for the remainder of 2017. But, someday, we'll experience another disaster – a hurricane, a tornado, wild fires, or river floods. And, even if we do not, some of the policies and benefit plan provisions you might consider in your response to Harvey just might become regular features in your policies and benefit plans.

We are providing this information to you solely in our capacity as individuals with knowledge and experience in the industry and not as legal advice. The issues presented here may have legal implications, and we recommend discussing this matter with your legal counsel prior to choosing a course of action. This information is not (and you/others should not use it as a substitute for) legal, accounting, actuarial, or other professional advice.

⁸ Katarzyna Bolsewicz, Lyle Turner, Shilu Tong, Floods and human health: A Systematic Review, June 27, 2012, Accessed on 20170905 at: https://www.researchgate.net/publication/228101707_Floods_and_human_health_A_systematic_review

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